



The Satellite Broadcasting and Communications Association (SBCA) and the satellite television industry, on behalf of the 17.5 million households that subscribe to satellite television, support the extension of the program access rules' prohibition on exclusive contracts between cable operators and vertically-integrated programmers. The program access rules, which were created by the 1992 Cable Act, have played an important role in the successful development of Direct Broadcast Satellite (DBS) service as a competitor to cable in the multichannel video marketplace, and have worked to realize the competition that the Federal Communications Commission (FCC) and Congress have labored for over a decade to foster.

- **The program access rules act as a crucial safeguard of competition.** The program access rules gave birth to the DBS industry and have been a resounding success. They allow the DBS companies to offer programming and rates comparable to those offered by cable operators, which levels the playing field considerably in the multichannel video marketplace.
- **Cable is the dominant provider in the Multichannel Video Programming Distribution (MVPD) market.** The program access rules have demonstrated that access to programming is essential to creating an environment of effective competition. Despite the gains DBS has made since its inception in 1994, cable operators continue to deliver service to 78 percent of all MVPD subscribers. Though the market share of DBS providers continues to grow, only 18 percent of the MVPD market receives service via DBS. Regardless of how big DBS operators get, as long as the cable industry remains dominant, it will be able to leverage its position in the programming market.
- **The SBCA supports an extension of the prohibition on exclusive cable contracts.** Without action by the FCC, the program access rules' prohibition on exclusive cable deals will sunset on October 5, 2002. Consumers demand the full complement of programming choices from a multichannel video provider. If cable operators are able to prevent DBS from receiving any of that programming, DBS' ability to compete would be reduced. This would harm the emerging competition to cable that the Commission and Congress have labored for over a decade to foster.
- **Cable prevents DBS operators from purchasing key local sports programming.** In Philadelphia and New York, where the incumbent cable operators own sports teams and related programming properties, cable operators use a loophole in the program access law to prevent DBS companies from showing local team sports programming. This hinders the ability of DBS to compete. Without the exclusivity ban, cable will be able to do the same thing with all the programming it owns.
- **The program access rules must cover all programming delivered by vertically-integrated programmer/cable companies.** The SBCA believes that Congress should close the loophole allowing a vertically-integrated program service to evade the program access rules by switching its program distribution to terrestrial-based means from satellite delivery. This evasion reduces competition and violates the intent of Congress that all MVPDs have the opportunity to acquire vertically-integrated programming on a fair and non-discriminatory basis.